PETROLEUM ASSOCIATION of WYOMING

September 22, 2023

Submitted via www.regulations.gov

Laura Daniel-Davis
Principal Deputy Assistant Secretary, Land and Minerals Management
U.S. Department of the Interior
1849 C Street NW
Washington, DC 20240

re: BLM_HQ_FRN_MO4500172196. Fluid Mineral Leases and Leasing Process. Proposed rule.

Dear Assistant Secretary Daniel-Davis,

The Petroleum Association of Wyoming represents companies involved in all aspects of responsible oil and natural gas development in Wyoming, including upstream production, oilfield services, midstream processing, pipeline transportation and essential work such as legal services, accounting, consulting and more[1]. The Fluid Mineral Leases and Leasing Process Proposed Rule is vast and sweeping. Without Congressional approval, it reorients the United States' policy regarding federal land energy production. Instead of a federal oil and gas leasing program built from the premise that sustainable and environmentally sound production is a beneficial use of public land, this proposal actively discourages development. In addition to chilling future development with new and onerous hurdles, this proposal has implications for existing operations, a rare occurrence with revisions to regulations.

PAW encourages the BLM's sincere review and consideration of our comments, as they depict a best estimate of how this proposal will affect oil and gas development in this state.

Bonding Provisions

The BLM is proposing to raise the minimum bonding requirements for the first time since the 1960's. The BLM claims this is necessary due to the unacceptable liability left to the Bureau to plug and abandon orphaned wells. The Mineral Leasing Act requires[2] the Secretary of the Interior to ensure

[1] PAW advocates for oil and gas development that supports sustainable production of Wyoming's abundant resources; fosters mutually beneficial relationships with Wyoming's landowners, businesses, and communities; and upholds the values of science-based, environmental stewardship. Recent studies show this industry supports over 20,000 jobs in Wyoming and contributes $8 billion in economic activity. Our industry generates significant tax revenue to the state of Wyoming, funding state and local government operations, education and public infrastructure. Eighty-five percent of the oil and gas companies operating in Wyoming are classified as small businesses.

[2] Statutory text for 30 U.S.C. § 226(g) is provided on page 5 of this comment letter.

adequate bonding is in place before any surface disturbing activities are authorized. The BLM has harshly misapplied this directive and is proposing bonding amounts that are unnecessary and extreme.

When the BLM is unable to assess liability to a private party, the cost of orphan well reclamation falls to the agency. The BLM estimates the annual liability in these cases to be $2.7 million. Using both in-house studies and reports from the Government Accountability Office (GAO) the BLM claims too great a liability rests with the agency, and asserts the financial instruments held to cover reclamation of all wells is insufficient and must be corrected.

The liability estimates advanced by GAO and the BLM are not based on any realistic understanding of the oil and gas business and is therefore greatly exaggerated. The BLM assumes a scenario beyond worst-case to the point of near impossibility that it is liable to reclaim every one of the 94,000 federal wells currently in operation and that every well will require reclamation all at once. In fact, the risk that the BLM will be liable to cover the cost of reclamation on all but a fraction of those wells is near nonexistent. Note that the BLM only pays $2.7 million per year for these activities. Very few wells are truly abandoned and left with no liable and locatable private party.

Of the 94,000 federal wells, 15-24 are annually reclaimed by the BLM, or about 0.000159 to 0.000255 percent. Since 2021, the Wyoming BLM has reclaimed 16 wells, out of the 27,383 wells[3] on lands it manages. This amounts to similarly insignificant rounding errors of percentages. There is no imminent threat of well closures at a volume that would create material liability to the BLM. Further, oil and gas wells range in length of operation from recently drilled to many decades old. To the limited extent BLM must assume orphan well liability, it happens very gradually.

To remedy this exaggerated liability, the BLM is proposing to increase the minimum bond amount for companies. In its economic impact analysis, the BLM uses two primary assumptions – first that all companies will have access to the surety market and thus have access to low-cost options to finance their liabilities; and two, that every company will only have to post the minimum bond amount. With these as the inputs, the BLM estimates the annual cost to industry will be $4.7 million to $9.1 million. This is severely underestimated.

The market is harder to access and more expensive than the BLM portrays. It is true that larger companies often have more access to the surety market. That is not the case for many smaller operators. Small operators often do not have the collateral to obtain a surety bond. Surety companies are hesitant to cover oil and gas operations due to the duration of the bonds, and in industry's experience, the BLM has rarely released a bond. Even marginal differences to assumptions with access result in profound differences on the industry-wide cost of coverage. The BLM did not provide any evidence to back their assumption that all companies can be covered by sureties. The BLM also is proposing to remove the ability for companies to post letters of credit or certificates of deposits for financial assurance.

The other factor the BLM did not accurately portray is that minimum bonding is the agency's objective. It is not. When reading the preamble, categorical exclusion analysis and proposed regulatory text, it is clear the BLM's intent is to require companies to cover the full cost of reclamation. All boldened text is from PAW for emphasis.

[3] BLM, Oil and Gas Statistics, Fiscal Year 2021, Table 9, Producible Well Bores

In the preamble on page 47581, the BLM states the following:

- Through the BLM's current policy for bond adequacy reviews, the BLM **will** increase the lease bond amount for operators with more than two wells tied to the bond.
- Through the BLM's current policy for bond adequacy reviews, the BLM **will** increase the statewide bond amount for operators with more than seven wells tied to the bond.
- After reviewing the costs to plug orphaned wells, the BLM determined the cost to plug a well and reclaim the surface ranges from $35,000 to $200,000, with an **average cost of $71,000**.

In the preamble at page 47627, the BLM states:

- The authorized officer may require an increase in the amount of any bond whenever… the **total cost** of plugging existing wells and reclaiming lands exceeds the present bond amount based on the estimates determined by the authorized officer.

In the categorical exclusion analysis, the BLM states:

- …the proposal would **require the bond to meet the full reclamation and plugging costs** for new proposed wells and require the bond for full reclamation and plugging prior to approving an assignment or transfer of a lease.

Lastly, in the proposed regulatory text, the BLM states:

- The authorized officer may require an increase in the amount of any bond whenever it is determined that the operator poses a risk due to factors, including, but not limited to, a history of previous violations…
- The authorized officer may require an increase in the amount of any bond whenever it is determined that…the total cost of plugging existing wells and reclaiming lands exceeds the present bond amount based on the estimates determined by the authorized officer.

The analysis in the preamble, economic impact and categorical exclusion are the foundation upon which the ultimate proposed regulatory language is built. While the proposed regulatory text provides the Bureau with flexibility in determining the ultimate bond amount – "The authorized office *may* require…" – the foundation supporting that directive lends itself to two objectives. Either the BLM intends to require full coverage for reclamation, i.e., $71,000 per well; or the BLM has intentionally included these absolute statements to threaten the industry that such action will occur.

The BLM has always had the ability to conduct bond reviews and adjust an operator's bond based on risk. In practice, there has typically been a presumption that the minimum bond amount was sufficient to cover reclamation costs and that, industry-wide, the risk of an orphaned well liability was low. Now, the BLM has reversed this presumption, insinuating the risk is rampant and that minimum bonds are not sufficient, requiring all bonds to come under review and adjusted for full cost.

This illustrates a definitive intent to require bonding sufficient to cover the full cost of reclamation. The BLM is affording three years within which the entire industry must secure coverage for the minimum amount. The BLM explicitly states that all new wells and asset transfers will require full bonding before approval. And for existing wells remaining under the same ownership, the BLM will be conducting

bond reviews with the intent to compel higher coverage requirements. The BLM complicates bonding requirements further by insinuating that operators with a "history of previous violations" will be subject to bond reviews, but the BLM provides no definition or threshold of what it considers this phrase to mean. It could reasonably be interpreted to mean that a single Incident of Noncompliance could thrust an operator into a higher bonding requirement.

The financial assurance instruments currently held by the Wyoming BLM include approximately 84 percent surety bonds, with the remainder primarily requiring full coverage. If we apply those percentages and assume it is representative of the coverage that will be obtained for the higher bond amounts, then 84 percent of the wells will be covered by sureties and pay an annual 3.5 percent interest rate. The remaining 16 percent will post dollar-for-dollar coverage.

The nature of the industry in Wyoming initially sees wells drilled and operated by larger operators for quite some time. Eventually, investment strategies shift and the economics of the wells inevitably change during their life. Companies transfer their assets to mid-sized operators and eventually they find their home with Wyoming-based, "mom and pop" operations, who proudly and diligently work to continue producing marginal wells. This context is important to understand as it relates to the structure of the BLM's proposal. Perhaps not initially, but eventually, if the BLM continues down this path, every well in Wyoming will be subject to full reclamation cost coverage absent any real risk of abandonment.

Taking the BLM at its word that bond amounts "will increase" per additional well on a lease or before transfer of assets may occur, and using their estimate of $71,000 to fully reclaim a well, a conservative projection indicates the total bonding requirement for the 27,383 federal wells in Wyoming is $1,944,193,000. The amount initially covered by sureties is $1,633,122,120, with an average annual 3.5 percent interest payment equating to $57 million[4]. The remainder of the wells will have to post something akin to a dollar-for-dollar instrument, totaling $311,070,880 million. Contrasting these numbers, the Wyoming BLM currently holds $85 million in financial instruments for oil and gas well reclamation – $71,400,000 covered by sureties paying $2,499,000 in annual interest payments and the remainder paying dollar-for-dollar for $13,600,000.

The BLM's economic analysis was either intentionally flawed or catastrophically misapplied to assume all companies could receive sureties; that all companies would pay the minimum bond amount; and did not factor in elimination of letters of credit and certificates of deposits. PAW's analysis is based on the best assessment of the BLM's posture. The proposed increases in bonding are nothing short of overwhelming.

It seems the outcome of these new bonding provisions will actually exacerbate the problem the BLM claims is present. It will place financial burdens on segments of the industry they likely won't be able to cover, resulting in the designation of substantially more orphaned wells (wells that, besides the financial burdens from these bond amounts, would be producing economic qualities of oil and gas for years to come).

The Mineral Leasing Act[5] requires the Secretary of the Interior to:

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[4] As the transition from larger companies to smaller companies occurs, it could be assumed that the financial instruments will likewise transfer from sureties to full cost, meaning to full cost of reclamation will get higher as time passes.

[5] 30 U.S.C. § 226(g)

> *…by rule or regulation, establish such standards as may be necessary to ensure that an **adequate** bond, surety, or other financial arrangement will be established prior to the commencement of surface-disturbing activities on any lease, to ensure the complete and timely reclamation of the lease tract, and the restoration of any lands or surface waters adversely affected by lease operations after the abandonment or cessation of oil and gas operations on the lease. [emphasis added]*

The BLM's own statistics to justify the bonding provisions do not hold water against the MLA's threshold of "adequate" financial arrangement. As expressed above, this proposal would increase financial obligations to operators, conservatively, by a factor of over 20. That is in lieu of the fact that on average, per year, the Wyoming BLM has no reclamation obligation for 99.9817 percent of the wells in Wyoming on federal lands.

What the BLM is proposing here is not "adequate" financial coverage. This is a blatant and punitive financial imposition on the industry, one which will have disproportionate impacts to smaller operators and financial burdens across the spectrum. Rather than reduce the liability associated with orphaned wells, the BLM may be on a path to do the exact opposite.

Provisions Effecting Prospective Development

The BLM is proposing to enshrine in this Rule new policies already in effect since the issuance of Instruction Memorandum 2023-007. IM 2023-007 includes several changes that restrict leasing availability and makes available leases more difficult to obtain, including the incorporation of preference criteria which require heightened consideration by the BLM when determining parcels to offer. In both the IM and in this proposal, the BLM is operating outside of its authority as established by Congress just last year in the Inflation Reduction Act. Congress bounded the nation's policy regarding the extent to which new exploration should occur on federal lands by eliminating the noncompetitive leasing program. Yet, mere months after Congress set that policy, the BLM went far beyond it with the issuance of the IM and the establishment of preference criteria that limit exploration in the ***competitive*** leasing program. Now the BLM intends to enshrine it into regulation, making it legally enforceable. The new criteria include heightened consideration of factors such as "important" wildlife habitat, proximity of existing development, the presumed level of development potential and more.

Since 2022, the Wyoming BLM has initially offered to sell 830 parcels covering 954,281 acres. However, through successive rounds of environmental reviews that incorporated consideration of these preference criteria, the Wyoming BLM has deferred 462 parcels encompassing 586,000 acres. These acres, in their respective Resource Management Plans, are available for oil and gas development. That is 61 percent of the acreage that should have otherwise been available deferred due to these new criteria. These RMPs are developed via a rigorous NEPA analysis with an associated environmental impact statement that ultimately designates areas as available or unavailable for fluid mineral leasing and attaches various stipulations for parcels that are ultimate leased. The preference criteria, which undergoes far less scrutiny under NEPA, undermines the delicate balance of leasing availability afforded under the land use planning process.

The Wyoming BLM uses these criteria to defer parcels with overlapping priority habitat management areas for Greater Sage-grouse and those with presumed low development potential. The criteria are supported by vague definitions, which allows substantial discretion to the BLM to defer at will. Further, once leases are deferred, the BLM has no process to remedy the perceived problems and ultimately offer these parcels for sales. Once deferred, always deferred.

The BLM claims these criteria are necessary to protect habitat and to eliminate speculative development. PAW disputes these assertions. First, this industry is doing more than ever to avoid and mitigate habitat disturbance when developing resources. There were 11,527,320 acres of federal surface and subsurface estate leased for oil and gas development in Wyoming in 2012. In 2022, that went down to 7,722,683 acres – a 33 percent reduction. Across all BLM lands, leased acreage has declined by 37 percent over the same time period.

In the year 2000, over 4,000 wells were spud in Wyoming. The following year (2001), combined oil and natural gas production totaled 327 million barrels of oil equivalent (BOE). In 2019, just over 650 wells were spud, and 2020 production totaled 334 million BOE. There was one-sixth as many wells spud in Wyoming over those twenty years, while production of oil and natural gas increased incrementally. That is a substantial reduction in authorized use and land disturbance, while production increased.

Further, it's important to emphasize that vertical wells, more prevalent in the 2000's, were drilled on single-well pads. Directional and horizontal drilling became more prevalent around 2010 and into the present, allowing for multiple wells per pad. This practice allows operators to access lease parcels with no surface occupancy, timing limitation, or conditional surface use stipulations. These parcels would otherwise be deferred under the proposed preference criteria, but could still be responsibly developed through the application of prudently attached lease stipulations that minimize or eliminate impacts to other natural resources. Considering only well count is no longer the single surrogate for inferring surface disturbance, the reduction in number of pads required to recover the same amount of hydrocarbons is greater than the reduction in well count from 2001 to 2019. The decrease in surface disturbance, access roads, well pads, power lines, pipelines and more created by the transition to horizontal drilling, and the resulting reduction in land disturbance and fragmentation, needs to be accounted for by BLM.

As to the assertion that it is the BLM's role to limit speculation, PAW respectfully disagrees. What the BLM calls speculation is actually exploration. Exploration is a fundamental aspect of this industry and necessary for continued drilling programs in exploratory areas. It is how new resources are found and developed. Every field producing today started out as an exploratory area. It is the process the industry has used to ultimately establish productive oil and gas basins and to expand the boundaries of existing development.

The expression of interest submitted for lease parcels suggests some level of development potential, which may be fully counter to the "potential" designated in that area by the applicable RMP. The EOI fee, recently added per the IRA, monetizes this suggestion by requiring a capital investment in that potential development, regardless of BLM's view of potential in that area. Due to myriad technological advances that have unlocked formations once thought unproducible, even more recent geological surveys that underpin an RMP's geospatial "potential" data will not necessarily represent the realistic

potential for marketable production. Deferring parcels through arbitrary "potential" designations seems more intended to end all leasing in exploration areas, which could effectively rule out the discovery of the next prominent oil and gas basin.

Public lands must be available for fossil fuel development, as required by the Mineral Leasing Act, which establishes the national policy of:

> "AN ACT To promote the mining of coal, phosphate, oil, oil shale, gas, and sodium on the public domain."

The BLM does not have the judgment to replace geology and engineering professionals with federal bureaucrats as the arbiter of which areas have exploratory potential. The "low resource potential" criteria, and indeed all of the criteria offered in this proposal, violate the Mineral Leasing Act intent; proceed without appropriate National Environmental Policy Act reviews; and violates mandates in the Federal Land Management and Policy Act by not offering acreage for oil and gas development which has been designated as available in their respective RMPs.

Additionally, this proposal makes significant changes to the acceptance and processing of Expressions of Interest (EOI). EOIs have long been the primary avenue through which industry indicates its interest in lands it wants to develop. Presently, the BLM is required to review any EOI which it receives. If the acreage within the EOI is not otherwise restricted from oil and gas development in an RMP, the BLM is generally obligated to offer the acreage for sale. Now the BLM intends to not have to consider any EOI received, stating in Section 3120.31:

> *The Director **may** elect to accept nominations, as set forth in this section, as part of the competitive process required by the Act or elect to accept informal expressions of interest.*

Even with the heightened bar recently set by Congress of requiring a $5 per acre fee be included with all EOI submissions, the BLM now takes the position that it does not even need consider them.

BLM also grants itself the authority to rearrange the acreage proposed by industry within an EOI. The BLM will, without explanation, remove requested acreage in an EOI or add unrequested acreage. It leaves an operator in the position of purchasing a lease with acreage it needs but was not included, and then wait and hope the removed acreage eventually comes up for sale. By rearranging parcels, BLM may be precluding development of entire drilling and spacing units that are not otherwise economic without the addition of certain federal leases. These units may often contain state and fee leases, thereby precluding important revenue to mineral owners and state and federal coffers. The BLM provides no information to justify rearrangement of the EOI acreage. This has implications for the operator's ability to efficiently develop a unit.

Further, the BLM proposes to enshrine in regulation its ability to nominate parcels for sale. The BLM has no reason to insert itself and force which lands a private company may be interested in. PAW is concerned that the BLM will nominate parcels so obscure that it knows no bids will be submitted. The BLM has requirements under the IRA to offer certain percentages of EOIs. Specifically, the BLM is required to offer for sale either 2,000,000 acres per year or 50 percent of the acreage submitted via EOIs. If not met, the BLM is forbidden from issuing rights of way for renewable energy projects. Self nominations could be an end run around Congress' intent merely to achieve the percentage goal.

A final is with regard to the BLM's consideration of adding diligent development criteria to leases. The BLM is considering that if a lease is not producing in economic quantities after five years of issuance or if an operator has not obtained an APD, that the BLM will assess an additional $1 per acre rental fee every year for the remaining term of the lease until diligent development requirements have been met. Again, Congress just confirmed its policy on this matter, increasing the rentals required of lease holders through the IRA in an attempt to spur production. While this policy already ignores how the BLM's leasing policies and environmental reviews combine with economic realities which dictate project timing, if the BLM acts on this further, it will only make difficult situations that are largely out of operator's control more expense.

APD Terms

In general, PAW requests the BLM to increase the term of an APD to four years. Doing so would reduce costs for the American public and operators, a goal stated in the proposed rule. It would create efficiencies for BLM. Any changes should not apply to existing APDs. Existing APD's were approved with terms outlined in the current Code of Federal Regulations and retroactive changes would impact operators' ability to utilize those permits.

In the alternative, PAW suggests the three criteria under which an operator may extend an APD provide additional detail as to the specific components of the plan that will suffice for BLM to consider approval. There are elements from *Instruction Memorandum 2023–011 - Approved Application for Permit to Drill Extensions*, that BLM could incorporate to further specify the components of these plans.

Waivers, Modifications, Exceptions

PAW believes the proposed requirements for exceptions will unjustifiably limit field office discretion and flexibility to grant exceptions that are otherwise grounded in recent scientific data and result in practical operational activity. PAW generally supports the BLM's definition of "exception" as added via this rulemaking as it accurately reflects the fundamental difference between a lease stipulation exception versus a modification or waiver. But the proposed rule may limit BLM's ability to grant reasonable exception requests, as it would require a public comment period when an exception request a public if it is "substantial or involves a major concern to the public."

Exceptions typically deal with timing limitation stipulations that often result in seasonal deadlines that impact their application and utility. Exception requests typically require a nimble response from BLM and are often based off recent survey data that may become useless without a quick response on the request from BLM. The prompt consideration and processing of exception requests, and potential approval, results in many operational efficiencies and benefits, including reduced impacts associated with drilling rig or completions equipment mobilization and demobilization.

Procedural Concerns

In its attempt to fly under the radar, the BLM poorly argued that this proposal does not meet the requirements of the Congressional Review Act, the Regulatory Flexibility Act, nor does it require analysis through the National Environmental Policy Act. PAW rejects each argument.

Congressional Review Act

The BLM claims this proposal is not a major rule under the CRA because it would not have an annual impact on the economy of greater than $100 million, would not have an adverse impact on competition, employment or investment, and would not cause a major increase in costs to, among others, state governments.

As PAW detailed in our analysis of the bonding provision, the BLM's claim of a maximum annual cost impact of $9.1 million is not supported. The total bonding requirement will be $1,944,193,000, with a portion requiring annual interest payments of $57 million and the remainder paying dollar-for-dollar totaling $311,070,880. These estimates show an annual impact of much greater than $100 million, just in Wyoming.

This proposal will similarly affect competition, employment and investment. This will substantially increase the cost and regulatory burden for existing and prospective development on federal land as compared to operations on state or private lands. Wyoming is the second largest producer of oil and natural gas from federally managed lands, meaning the ability of this industry to operate in the state will be more acutely impacted. The industry in Wyoming will not be as competitive as their counterparts and will see a decrease in activity. This increase in cost and regulatory burden will likewise dissuade investment in the state. By the BLM's own analysis, it estimates that the oil and gas industry in Wyoming directly and indirectly supports 34,993 jobs[6]. Any regulation of this magnitude directed at the federal oil and gas program will have stark impacts on the workforce in this state.

Finally, this proposal will have a significant cost to the state of Wyoming. In 2022, this industry generated $1.34 billion in federal revenues[7]. On average, 73 percent of the production in Wyoming comes from minerals with a federal nexus, meaning the ability to access federal minerals has a direct and observable impact on the development of private and state minerals. In 2022, total revenues generated by this industry that accrued to the state of Wyoming topped $2.7 billion. The state's current two-year general fund budget is $3.5 billion. The oil and gas industry has an outsized, positive impact on the state of Wyoming and its ability to fund government functions. Hamstringing prospective development and causing financial hardship to a large portion of the current operators will cause a precipitous decline in revenue for the state.

Regulatory Flexibility Act

Here, the BLM does some fancy tightrope walking and states that, even though they know the bonding provisions will have a disproportionate impact on smaller businesses, the cost to hold a bond is low and thus the overall impact to small business is immaterial. Again, here, PAW counters by observing the inability of smaller operators to obtain surety bonds. They will be required to purchase treasuries or other instruments which require dollar-for-dollar payment of the full cost of reclamation.

In Wyoming, 85 percent of the operators in the oil and gas industry are considered small businesses, as defined by the Small Business Administration. Further, one-third of the companies in Wyoming produce

[6] Economic Contributions from BLM-Administered Lands. The BLM: A Sound Investment for America 2022
[7] U.S. Department of the Interior, Natural Resources Revenue Data

less the two percent of the statewide production[8]. It is likely that many of these companies will not be able to access surety bonds and be required to post the full amount to cover the full cost of reclamation. The Wyoming Oil & Gas Conservation Commission has determined that 111 companies operating in Wyoming have annual gross revenue less than the minimum bond amounts proposed. A significantly larger number would have revenue less than the cost of full reclamation. Large businesses paying 3.5 percent for surety bonds vs. small companies paying 100 percent coverage is undisputedly a distortional impact to small businesses.

National Environmental Policy Act

The BLM asserts that this proposal does not require analysis through NEPA because it is administrative in nature – it does not affect land management decisions in RMPs. Yet that is exactly what it does. This proposal affects every acre designated as available for oil and gas development every RMP. Without appropriate analysis, the provisions in this proposal leave incredible discretion to the Bureau to arbitrarily determine which of the millions of acres with oil and gas resources are or are not available, may be offered for sale, while appending new stipulations not otherwise required in RMPs.

The preference criteria considered by the BLM completely rearrange which lands the BLM will offer for oil and gas leasing, counter to decisions outlined in RMPs. PAW made note of this through our observation of the BLM's leasing practices since the issuance of IM 2023-007. The BLM has deferred 463 parcels covering 586,000 acres since its issuance, acres that are identified as available for oil and gas development in their RMPs. That is a 61 percent deferral rate. This is a major departure from the in-effect RMPs.

At present, industry has no way of knowing, upon submission of an EOI for lands deemed available, whether the BLM will ultimately allow those acres to be offered for sale because the new criteria being considered have not been analyzed and applied to lands under the BLM's management. Decisions such as these are exactly what RMP revisions are intended to accomplish. This proposal is a prime example of an action by the Bureau which requires full analysis through NEPA.

Conclusion

The BLM asserts it has an inordinate liability with the current bonding amounts in place. PAW has shown this not to be the case. 15 out of the 96,000 wells on federal lands are plugged and abandoned per year by the Bureau, 0.000156 percent.

The BLM asserts that the American public is paying an inordinate amount to cover the cost of this liability. PAW has shown this not to be the case. In 2022, the oil and gas industry generated $16.89 billion in federal revenues – royalties, bonuses and rentals – not including income taxes. The BLM spends $2.7 million per year to plug and abandon these wells, 0.000159 percent. The scales tip heavily in favor of the revenue this industry generates.

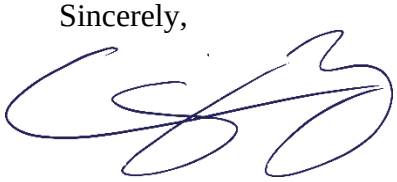
The BLM asserts it has an obligation to end speculative development. PAW counters that it is not speculation, it is exploration, upon which the $16.89 billion in revenue was able to be generated because productive fields were found through that exact process.

[8] Oil & Natural Gas in Wyoming, January 2023. Wyoming State Geological Survey

The BLM asserts this proposal will not have an inordinate impact on small businesses. PAW has determined that the BLM's broad assumption regarding the surety market misrepresents small business's ability to access it and will, in fact, have a substantial disproportionate impact on small businesses.

PAW strongly opposes the completion of this rule and asks the BLM to set it aside in its entirety. Additionally, the BLM should immediately rescind IM 2023-007 and return to its Congressionally designated, multiple use mandate.

Sincerely,



Colin McKee
Regulatory Affairs Director
Petroleum Association of Wyoming

cc: The Honorable John Barrasso, U.S. Senate, State of Wyoming
The Honorable Cynthia Lummis, U.S. Senate, State of Wyoming
The Honorable Harriet Hageman, U.S. House of Representatives, State of Wyoming
The Honorable Mark Gordon, Governor, State of Wyoming